



Minnesota

A GREAT PLACE TO LIVE, WORK AND DO BUSINESS

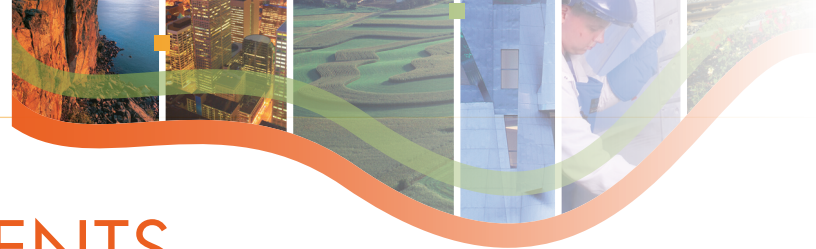


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WHY MINNESOTA?



Minnesota offers the best mix of human resources, infrastructure and technology—critical variables for business productivity and success—ranking among the top five states in the U.S. for long-term competitiveness.

- Minnesota ranked fifth in the 2013 Beacon Hill State Competitiveness Index, which measures long-term competitiveness of an area. Overall, Minnesota ranked second in human resources because of its healthy, well-educated workforce.
- Minnesota businesses benefit from easy access to new college graduates and customized training opportunities based on close proximity to nearby colleges.
- A Minnesota location has logistical benefits, with easy access to ground, water and air transportation infrastructure.
- Minnesota's business taxes ranks below the national average, according to a report by Ernst & Young and the Council on State Taxation, which assessed business taxes as a share of private sector gross state product for fiscal year 2012. Assessed business taxes amounted to only 4.6% of the Gross State Product.
- Minnesota's electric and natural gas services are dependable and moderately priced, providing a competitive edge to businesses.
- Minnesota is ranked 3rd in the 2014 Camelot Index. Rankings are based on high income, low poverty rates, healthy individuals, well-educated population, great and affordable education system, low crimes rates, committed citizens and well-managed government.
- Supportive state and local partners assist businesses in securing the financial and workforce development resources for the project to be a success.

"As the firm continues to look for new opportunities to expand, Minnesota is a perfect fit for our model and future expansion plans."

— Donan Engineering Co. Inc.

WORKFORCE



- The Beacon Hill Institute ranks **Minnesota fourth nationwide in human resources** in its 2013 State Competitiveness Report.
- Minnesota has the **third highest labor force participation rate** in the nation, according to the Bureau of Labor Statistics.
- Minnesota is ranked **sixth nationwide in knowledge jobs** by the Kaufmann Foundation, based on indicators that include employment in IT occupations and educational attainment.
- The state also provides a reliable pool of workers for businesses. Minnesota ranks **sixth in labor force in the Midwest** and 21st nationwide. Here is how we stack up against our neighbors:

Upper Midwest Laborforce		
State	Labor Force	Unemployment
Wisconsin	3,082,422	5.7%
Minnesota	2,999,601	4.6%
Iowa	1,698,018	4.4%
South Dakota	454,305	3.8%
North Dakota	409,018	2.6%

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, May 2014

- Businesses in Minnesota have access to a **large pool of workers at competitive wages** compared to national figures:

Minnesota Employment Sectors			
Occupation	Minnesota Employment	Minnesota Median Wage	"U.S. Median Wage"
Total	2,688,580	\$23.00	\$22.56
Office & Administrative Support	405,140	\$17.62	\$16.99
Sales & Related	272,240	\$18.94	\$18.51
Food Preparation & Serving Related	228,190	\$10.08	\$10.46
Manufacturing	216,090	\$17.49	\$17.07
Management	163,930	\$51.89	\$53.55
Transportation & Material Moving	163,120	\$17.51	\$16.54
Healthcare Practitioners & Technical	158,240	\$36.77	\$36.35
Business & Financial Operations	155,890	\$32.10	\$34.40
Education, Training, & Library	154,240	\$25.17	\$25.05
Personal Care & Service	108,130	\$11.90	\$11.97
Healthcare Support	94,320	\$14.06	\$13.71
Installation, Maintenance, & Repair	91,940	\$22.10	\$21.73
Construction & Extraction	85,170	\$25.15	\$22.20
Computer & Mathematical	84,520	\$38.34	\$39.89
Building Cleaning & Maintenance	79,650	\$12.81	\$12.61
Community & Social Services	49,810	\$21.54	\$21.75
Architecture & Engineering	49,660	\$35.87	\$38.96
Protective Service	44,020	\$21.58	\$21.08
Arts, Design, Entertainment, Sports, & Media	38,590	\$23.72	\$27.03
Life, Physical, & Social Science	23,980	\$32.27	\$33.76
Legal	18,150	\$47.04	\$48.45
Farming, Fishing, & Forestry	3,530	\$15.04	\$11.84

Source: MN DEED, Occupational Employment Statistics, Q2 2013

EDUCATION

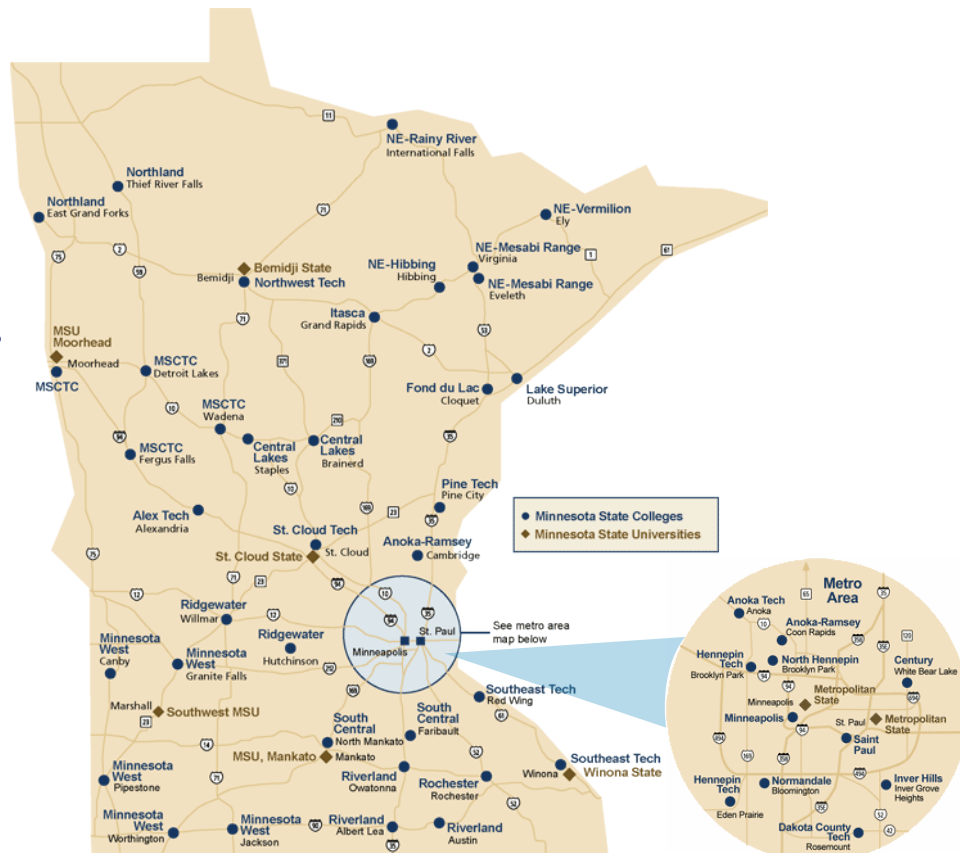


- **Minnesota's population is one of the most educated in the nation.** In terms of the percentage of the population aged 25 years or older, Minnesota ranks second for the share with a high school diploma (92.5 percent) and 11th in the share with a bachelor's degree (33.2 percent).
- More than **200 public and private postsecondary institutions** offer postsecondary educational opportunities for individuals statewide:

Postsecondary Institutions in Minnesota	
Institution Type	Number
Public Four-Year Institutions	12 (Five University of Minnesota campuses and seven State University campuses)
Public two-year community and technical colleges	30
Private institutions offering associate or higher degrees	81
Licensed private career institutions offering associate degree	88

Source: Minnesota Office of Higher Education.

- The University of Minnesota serves more than **76,000 students** and offers more than 370 degree programs. Campuses are located in the Twin Cities, Duluth, Morris, Crookston and Rochester.
- **The University of Minnesota-Twin Cities ranks 13th nationwide in R&D expenditures** across all fields (\$847 million) for fiscal year 2011, according to the National Science Foundation.
- The Minnesota State Colleges and Universities (MnSCU) operate 54 campuses in 47 Minnesota communities and serve 250,000 students in credit-based courses. Overall, the system produces about **33,500 graduates each year**.
- Students at Minnesota's private colleges accounted for **9,556 bachelors degrees** awarded in the state and 4,561 graduate degrees in the 2011-2012 school year.



BUSINESS LOGISTICS



- An efficient and ever-growing freight system is essential for Minnesota businesses. **The state is home to 17 Fortune 500 companies.** Prominent companies such as 3M, General Mills, Land O'Lakes, Hormel Foods, Polaris Industries, Target, Cargill, C.H. Robinson and Toro are headquartered in the state.
- Minnesota is a **global competitor** that exports to nearly 200 countries, ranking ninth for outbound interstate shipments. Two-thirds of all freight tonnage moving in Minnesota crosses the state's borders.
- Minnesota was **ranked second nationally for transportation infrastructure** by CNBC for 2012.
- Minneapolis-St. Paul International Airport (MSP) serves **135 nonstop markets**, including 114 domestic and 21 international markets. MSP served nearly 34 million passengers in 2013.
- The Duluth International Airport is served by Allegiant Air, Delta Airlines and United Express. These airlines combined provide **non-stop flights to Las Vegas, Minneapolis-St. Paul, Detroit, Phoenix, and Chicago.** Seasonal non-stop flights are also offered to Orlando and Phoenix.
- The Rochester International Airport is served by American Airlines, and Delta Airlines. These airlines provide **non-stop service to Chicago and Minneapolis-St. Paul.**

Selected Non-Stop Destinations from MSP Airport



- Minnesota has **four ports on Lake Superior including Taconite Harbor, Silver Bay, Two Harbors and Duluth/Superior.** Their combined waterway transported tonnage in 2012 was **61 million net tons.**
- The **Mississippi River System** stretches over 222 miles in Minnesota and supports **five port areas** whose combined 2012 waterway transported tonnage was 10.7 million net tons.
- Rail provides critical options to shippers in terms of market access, modal economics and service. **Minnesota has 4,444 route miles of railroads serviced by 20 railroad companies.**

BUSINESS COSTS

Minnesota's business taxes ranks below the national average, according to a report by Ernst & Young and the Council on State Taxation, which assessed business taxes as a share of private sector gross state product for fiscal year 2012.

Corporate Income Tax

- At first glance, Minnesota appears to have high business taxes because its corporate income tax rate of 9.8 percent is higher than in most states. However, other **favorable tax provisions produce competitive tax advantages for Minnesota.**

Sales and Use Tax

- **Minnesota exempts capital equipment used in the manufacturing process from the sales tax.** There are also several other major exemptions for businesses, including fees for equipment installation and repair; utilities, chemicals and gases used for industrial production; and most services.

Commercial and Industrial Property Tax

- **Minnesota exempts personal property like machinery and inventory from the property tax**, resulting in a lower effective tax rate for real and personal property. As a result, businesses whose equipment and inventory values are high, relative to their real estate value, pay a lower effective tax rate than in states that impose such taxes.

Unemployment Insurance Tax

- Minnesota companies with the most favorable employment histories receive an unemployment insurance base tax rate of 0.3 percent in 2014.

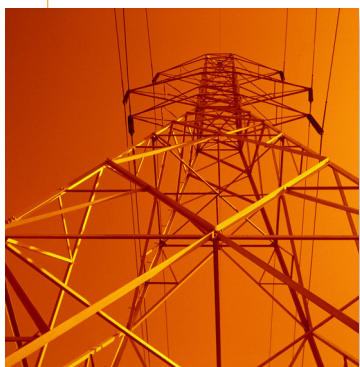
Minnesota Tax Structure			
Corporate Income Tax			
Tax Rate		Apportionment Formula (sales/property/payroll)	Research and Development Credit
9.8%		100% Sales	Yes
Sales and Use Tax ¹			
State Sales Tax Rate		Local Sales Tax Rate	Tax on Manufacturing Machinery
6.875%		up to 0.9%	No
Workers' Compensation Insurance ²			
State	Overall		
	Cost per \$100	Rank	
Minnesota	\$2.03	17	
Unemployment Insurance Tax ³			
Tax Rate as Percent of Taxable Wages		Taxable Wage Base	
2.23%		\$29,000	

¹ Source: Minnesota Department of Revenue

² Source: Dollar values from Minnesota Department of Labor. Rankings from "Oregon Workers Compensation Premium Rate Ranking 2012," Oregon Department of Consumer and Business Services, October 2012.

³ Source: MNDEED, Unemployment Insurance Division

UTILITIES



Minnesota has reliable and affordable energy service.

Electricity Cost

- The average electricity price in **Minnesota is below the national average.**

Average Annual Retail Price of Electricity for Industrial Users, 2013		
Geographic Area	per Kilowatt/Hr.	Rank
Minnesota	\$.0886	22nd
US	\$.0984	-

Source: U.S. Department of Energy, Energy Information Administration, 2013.

Note: Rankings are from lowest to highest.

Natural Gas Cost

- Minnesota's average annual price of natural gas for industrial users is the **eighth lowest in the nation.**
- Natural gas is mostly supplied by pipelines entering the state from Canada and North and South Dakota. The state ships over four-fifths of the natural gas it receives to Iowa and Wisconsin, on the way to other markets in the Midwest.

Average Annual Retail Price of Natural Gas for	
Minnesota	\$5.09
US	\$4.66

Source: U.S. Department of Energy, Energy Information Administration.

Note: Rankings are from lowest to highest.

* Among states for which data were available.

- Minnesota's largest energy provider is Xcel Energy. From rebates for energy-saving equipment to studies, new construction programs and building tune-ups, Xcel offers assistance to industrial customers to help them save energy and money.

QUALITY OF LIFE



- **Minnesota ranked third for its high standard of living in 2014**, according to the Camelot Index. Rankings are based on high income, low poverty rates, healthy individuals, well-educated population, great and affordable education system, low crimes rates, committed citizens and well-managed government.
- Minnesotans have access to world class health care within the state. The Mayo Clinic in Rochester is **the best hospital in the country**, according to 2014 rankings by the U.S. News and World Report. The clinic received a top 10 rank in all but one of the report's 16 practice areas.
- **Minnesotans believe in giving back.** Nearly 40 percent of Minnesota adults volunteer their time—among the highest percentages in the U.S. The state also ranks highest in the percentage of eligible citizens who vote.

Attractions

- **The Mall of America features over 520 stores and more than 2.5 million square feet of shopping.** It draws 40 million visitors annually, 40% of whom are tourists.
- The Twin Cities area offers **a wide variety of family entertainment**, including the Minnesota Zoological Gardens, Como Zoo and Conservatory, the Children's Museum, and the Science Museum of Minnesota.
- The region is a **mecca for college and professional sports**—including the Twins (baseball), Vikings (football), Timberwolves and Lynx (basketball), Wild (hockey), Minnesota United (soccer) and the University of Minnesota Golden Gophers' division I teams.
- **Nearly eight million people visited Minnesota's state parks in 2012.** Minnesota's state park system includes 76 state parks and recreation areas, eight waysides, 13 state trails and 62 state forest campgrounds and day-use areas.
- **Minneapolis was named a top vacation spot** by Travel & Leisure magazine, on its "Hottest Travel Destinations of 2013" list, putting the city in the company of places such as Amsterdam, Costa Rica and the Phillipines. Minneapolis was noted for its innovative dining scene.
- **Duluth's location on Lake Superior's eastern shore** makes it a fantastic base camp for exploring the largest freshwater lake in the world or meandering along the North Shore Scenic Drive. With **1,500 miles of canoe trails**, the Boundary Waters Canoe Area Wilderness is another great recreational resource.

STATE AND LOCAL ASSISTANCE



Financial Assistance

- The Minnesota Department of Employment and Economic Development (DEED) has financing programs for business expansion (**Minnesota Investment Fund, Job Creation Fund, and Small Business Development Loan Program**). It also provides grants for training (**Minnesota Job Skills Partnership**), for public infrastructure (**Innovative Business Development Public Infrastructure Program**), and tax credits (**Angel Tax Credit** and **R&D Tax Credit**).
- Minnesota has eight **Foreign Trade Zones** (six in the Minneapolis-St. Paul metro area, one in Duluth and one in International Falls) to help businesses minimize duty payments.
- Local authorities often help companies finance the costs of real estate development through **Tax Increment Financing (TIF)** and **Property Tax Abatement**.
- **The Minnesota Office of Business Development partners with Metropolitan Council Environmental Services** in the metro area to work with companies to lower their overall sewer access charges (SAC) through SAC transfers from communities.

Technical Assistance

- **DEED** provides assistance to businesses through its offices and staff members. The **Minnesota Office of Business Development** coordinates business projects through its **regional and industry specialists**. **Business service specialists** at WorkForce Centers across the state offer assistance with **recruitment and training**, while the **Minnesota Trade Office** provides support through education, counseling and trade missions to companies wishing to export.

Data Tools

- **MNPROSpector.com** is a state-of-the-art GIS mapping tool that provides business with data on real estate listings, community profiles and important demographic information (mn.gov/deed/business/locating-minnesota).
- **Compare Minnesota** is an interactive online tool that allows users to compare Minnesota and Minneapolis-St. Paul with the rest of the country on more than 50 economic, social and business logistics indicators (mn.gov/deed/data).



Minnesota

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mn.gov/deed/business

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